

# BLUEPRINT FOR HOUSING

## THE HBA OF MICHIGAN'S 2023/2024 LEGISLATIVE PRIORITIES

It is the mission of the Home Builders Association of Michigan to work to positively promote the building industry and impact legislative, regulatory and legal issues affecting housing affordability and attainability.

Each local home builder association has one vote on the committee, and we thank those local HBAs who have appointed a member of their local association to participate in the HBAM legislative committee.

A survey was sent to the voting members of the HBAM Legislative Committee and the following issues are ranked by their scores out of a possible score of 85.

**79 | RESTORE THE STATE CONSTRUCTION CODE COMMISSION** This is needed so builders and local inspectors can get clearer direction on code interpretations and other disputes. In the past, local inspectors and builders could get opinions/guidance with a quick phone call to the state. Now the state essentially requires a builder to file suit if he/she disagrees with a local interpretation, adding delays and costs to the housing development and construction process.

**79 | RE-ESTABLISH A CODE PROMULGATION SYSTEM** Prior to the change made by Governor Snyder that took the code promulgation process from advisory committees to two staffers within LARA, codes used to be promulgated by using building experts to help determine what ought to go into Michigan's Residential Code (along with all of the other codes). This system was eliminated by the Snyder Administration as part of a larger regulatory reform effort. Without this system, we may not be able to customize model codes to what is appropriate for our state, resulting in increased housing costs.

**76 | CHALLENGE CODE ADOPTIONS** Discourage local communities from adopting any ordinance that prohibits building techniques or products that are allowed under the state's residential building code.

**76 | HOUSING IMPACT ANALYSIS** Municipalities would have to ask some basic questions prior to passing an ordinance. Does it impact the cost of housing? This doesn't require a municipality to hire out for a study, only to ask basic questions. At the end of the day, the language doesn't prohibit them from enacting, we merely want them to take a moment to think, and have a conversation on if their action will increase the cost of homes in their area.

**72 | REMOVE THE NON-HOMESTEAD TAX** Given the fact that it can take years to gain approvals for new developments which, in turn, raises the cost of the homes in those developments, remove the non-homestead tax rate (for a defined period of time to prevent tax avoidance schemes) on development properties. This would mirror the current tax treatment of inventory/spec homes.

**71 | END COST-BASED FEES** End the practice of using the cost of construction to determine permit fees across the state. This practice artificially inflates the cost of construction and renovation (and thus housing). It also pushes unscrupulous contractors to try and bypass permitting processes.

**71 | EXPEDITE REVIEWS** Require or incentivize road commissions and fire marshals to expedite any necessary review of housing development plans.

**67 | HOME REPAIR TAX CREDIT** Create a tax credit and/or enhance loan and grant programs to encourage home repairs to help keep people in their homes and maintain current housing stock.

**64 | WORKFORCE HOUSING** Establish protocol by and between MEDC and MSHDA so that housing incentive options are included with business attraction/retention offers to address the “where are my employees going to live” dilemma.

**DISCUSSION** We have had conversations with some about utilizing SOAR funds for housing infrastructure in conjunction with those projects (sewer, water, roads, etc.) when companies receive SOAR funding to come to Michigan as an economic destination.

**64 | SKILLED TRADES EMPLOYMENT** Create a non-refundable employer credit for hiring individuals between the ages of 18-25 into the trades. The employee would also receive an incentive when they take the job.

**64 | PRINCIPLE RESIDENCE EXEMPTION (PRE) EXPANSION** Expand for long-term, affordable rental housing to encourage investment in affordable rental housing, especially in areas experiencing high property values and vacation rentals.

**63 | ECONOMIC DEVELOPMENT** Identify traditional economic development tools that could be modified (either legislatively or through MEDC action) to utilize in attracting needed housing investment, including, but not limited to, amendments to our Tax Increment Financing (TIF) statute.

**DISCUSSION** Four bills were signed by Governor Whitmer; SB 129, SB 130, SB 131 and SB 132. Senate Bills 129, 130, 131, and 132 would allow tax increment financing (TIF) to be used for housing development projects through the state’s brownfield program. Generally speaking, when a brownfield development generates new tax revenue due to an increase in property tax value, that revenue can be captured by a local brownfield redevelopment authority (BRA) and given back to the property developer to reimburse certain eligible costs associated with the development. Senate Bill 129 would allow housing development activities to be eligible for reimbursement under the Brownfield Redevelopment Financing Act. (The bill also includes changes proposed by Senate Bill 289 as to avoid a conflict with that bill if both are enacted.) Senate Bills 130, 131, and 132 would make complementary changes to other acts and are tie-barred to Senate Bill 129, meaning the bills would not go into effect unless Senate Bill 129 were enacted. These are additional tools for builders, developers and non-profits when building “workforce” housing.

**63 | RECOGNIZE MISSING MIDDLE HOUSING AS A PRIORITY** Direct MSHDA to make “missing-middle” and “entry-level” housing an agency priority, including direction to make it a low-cost financing arm for these types of housing developments, including, but not limited to, projects that utilize tax increment financing.

**DISCUSSION** The legislature has appropriated two rounds of \$50 million into the Missing Middle fund within MSHDA. As the dollars are ARPA funds, prevailing wage is attached to the grant funding. We have had conversations with Director Hovey and her team at MSHDA, along with Chairwoman Sarah Anthony, that we would appreciate future funds to be allocated from the general fund without prevailing wage attached.

MSHDA received funding for Missing Middle Housing. Round two for applying for those funds ends September 30, 2023. Click [here](#) to find out more on the Missing Middle Program.

**62 | PARTNER WITH ECONOMIC DEVELOPMENT AGENCIES** Recognize and direct the multiple State development-focused agencies – MSHDA, MEDC, Land Bank, MDOT, MDARD – to organize in support for this initiative, to be undertaken in partnership with the signatories to this letter.

**61 | CREATE A “HOUSING-INVESTMENT-READY” COMMUNITY BENCHMARKING PROGRAM** This would be similar to other states, to identify and spotlight best practices (things like expedited reviews, fee reductions or waivers, by-right zoning, and innovative partnership solutions should be encouraged).

**60 | FAST TRACK THE PLAN REVIEW PROCESS** Recognize the design-range and affordability inherent in modular housing, and direct the DTMB to establish a fast-track plan review process and State-approved plan website so that access is enabled for developers, builders, and citizens to realize the time and cost-savings.

While these are the legislative priorities of the Home Builders Association of Michigan, we have little control over what legislators introduce on their own. At the moment we are tracking over 200 bills, and that number grows each day the legislature is in session.

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## OTHER LEGISLATION IMPACTING BUILDERS AND THE HOUSING INDUSTRY

What legislation have we been engaged in that IS NOT on our legislative priority list?

**HB 4382 & HB 4383** -These bills rewrite Ch. 22 of the Michigan Drain Code. It changes what property owners can be assessed on from projects to programs. We have opposed these bills and are currently working with the chair of the committee to see if we can find agreement.

**HB 4479 & HB 4480** – These bills would create a statewide septic code. We have supported this idea in the past and are having conversations with the sponsor over summer break.

**HB 4390** – Independent Contractor legislation. We, along with the business community, have opposed this bill in committee. We are engaged in a workgroup this summer and are having meetings with legislators on this legislation.

**SB 451 & HB 4837** – These bills address the “prompt pay” issue, which we have opposed in past legislation sessions.

**HB 4237** – Allows for local pre-emption. We opposed this bill in committee. House Bill 4237 would repeal 2015 PA 105, the Local Government Labor Regulatory Limitation Act 1. The act prohibits a local governmental body from adopting, enforcing, or administering an ordinance, policy, or resolution that imposes certain requirements or regulations on an employer, including the payment of a minimum wage higher than the state minimum wage, the provision of paid or unpaid leave time or other fringe benefits, regulations on work stoppages or strikes, and regulations on the information requested or excluded on an employment application or during a job interview.

**SB 289** – Transformational Brownfield project legislation. We supported this bill, and the Governor has signed it into law. Senate Bill 289 would amend the Brownfield Redevelopment Financing Act to allow a local brownfield redevelopment authority (BRA) to capture revenue from sales and use taxes to pay for eligible activities through the state’s transformational brownfield program. The bill would also increase the caps on annual and total allowable reimbursements and amend the population targets under the program.

**HB 4526 – HB 4528** – These bills deal with how aggregate mining is permitted. We have, and continue to be part of the coalition supporting these bills.

**SB 274** – We opposed this bill in committee. It is part of a larger package the Senate democrats introduced as a “Clean Energy” package. SB 274 sets targets for decarbonization in all buildings.

**SB 205 – SB 207** – We opposed these bills in committee. These bills deal with “source of income” when landlords are renting to tenants.

**SB 14** – We opposed this bill in committee, the governor has signed it into law. This bill will allow regulations in the state of Michigan to be stricter than federal regulations.

**HB 4375** – We supported this legislation, and the governor has signed it into law. This law will allow communities with a certain population to create a local land bank as long as there isn’t a county land bank.

**SB 329 and HB 4681** – We opposed SB 329 in committee. HB 4681 has not had a hearing yet. These bills, if signed into law, would increase the cost of home owners’ insurance. They are modeled after Florida law, where average annual homeowner’s insurance premiums have risen to more than \$4,200.00

We are currently working with a bi-partisan group to come up with sensible zoning reform legislation. The goal is to have a series of bills introduced when the Legislature returns in the fall.